

CHESHIRE EAST COUNCIL

REPORT TO: CABINET PORTFOLIO HOLDER FOR THE LOCAL PLAN

Date of Meeting: 11 January 2015

Report of: Head of Planning Strategy

Subject/Title: Greater Manchester Spatial Framework – Strategic Options
Consultation 2015

Portfolio Holder: Cllr Rachel Bailey

1.0 Report Summary

- 1.1 The Greater Manchester Combined Authority (GMCA) is consulting on the latest stage of the Greater Manchester Spatial Framework (GMSF). This will guide growth and development in the conurbation to 2035.
- 1.2 The success of the Greater Manchester City Region is vital to growth and development within the North West as a whole and the wider North of England. It is central to initiatives such as the Northern Powerhouse.
- 1.3 A strong Greater Manchester and a strong Cheshire East are mutually supportive and complimentary. Accordingly it is in the interests of both Authorities to ensure growth strategies are fully aligned.
- 1.4 This report sets out the ambition of the GMSF, the growth options now being considered and their implications for Cheshire East. The Portfolio holder is requested to approve detailed responses to the current consultation.

2.0 Recommendations

- 2.1 Approve the draft consultation response, as set out in Appendix 1 as the response of Cheshire East Council to the Greater Manchester Spatial Framework Strategic Options document (November 2015)

3.0 Reasons for Recommendations

- 3.1 The Greater Manchester Combined Authority has published strategic options for its Spatial Framework. As an adjacent authority it's important that the Council responds to this so that the interests of Cheshire East residents and business are taken account of.

4.0 Wards Affected

- 4.1 All – but most especially those closest to Greater Manchester

5.0 Local Ward Members

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6.0 Policy Implications

- 6.1 The GMSF will direct the scale and location of growth within Greater Manchester. As a near neighbour with many cross boundary links – and as a key partner on several projects, development within the conurbation will inevitably impact on Cheshire East. Accordingly it has the potential to influence a diverse range of agendas ranging from the economy, transportation, skills and training and environmental protection.

7.0 Implications for Rural Communities

- 7.1 The GMSF itself recognises that 25% of the combined Authority is rural in character. The rural communities in Cheshire East most likely to be influenced by the strategy are those closest to the GM boundary and those with good transport links (especially railway stations) into the conurbation.

8.0 Financial Implications

- 8.1 None directly arising.

9.0 Legal Implications

- 9.1 The GMSF will become the statutory development plan for Greater Manchester. The Duty to Cooperate under section 110 of the Localism Act 2011 apply to both the Council and the Combined Authority in terms of its production.

10.0 Risk Management

- 10.1 Although the GMSF deals with Greater Manchester (producing an overarching Development Plan for the ten local planning authorities making up the Greater Manchester Combined Authority) this Council needs to ensure that the GMSF does not provoke any adverse impacts within the Borough .

11.0 Background and Options

- 11.1 The GMSF has now reached the consultation stage on Vision and Strategic Options with responses sought by 11 January 2016. This latest publication follows an initial consultation exercise in Autumn 2014. The GMSF is currently being pursued as a joint Local Plan of the 10 councils but following the election of a mayor it will become the mayor's plan and be similar to the London Plan i.e. sitting above more detailed Local Plans produced by individual Boroughs. However such a sub-regional plan will require primary legislation that will also define the scope of the GMSF in terms of its level of detail.
- 11.2 The overall ambition for the Framework is for *“Greater Manchester to become a financially self-sustaining city, sitting at the heart of the Northern Powerhouse with the size, assets, and skilled population and political and economic influence to rival any global city”*.
- 11.3 The Devolution Deals negotiated with government as part of the designation of the Combined Authority are seen as a big part in achieving the ambition. ‘Financially self-sustaining’ means balancing the tax base income with the total (local and national government) spend in Greater Manchester. This largely boils down to reducing the welfare

bill and increasing the proportion of people in work. To get a better understanding on how this might be done so called 'Deep Dive' work is being done. These detailed investigations are based on a wide ranging analysis of the economic issues and opportunities in each Borough across Greater Manchester.

- 11.4 Alongside the core document entitled 'Greater Manchester Spatial Framework: Strategic Options Consultation' there are a raft of detailed background technical papers in relation to the economy, housing and the environment. The GMCA is now seeking views on all aspects of the document including a range of potential growth options.

GMSF Vision

- 11.5 The GMSF sets out a proposed Vision:
"By 2035, Greater Manchester will be one the world's leading regions, driving sustainable growth across a thriving North of England. It will be ever more connected, productive, innovative and creative, known for the excellent quality of life enjoyed by our residents who are able to contribute to and benefit from the prosperity that growth brings".
The associated Ambition includes being *"part of a catchment area that includes Leeds, Sheffield, Liverpool, Lancashire, Cheshire and Yorkshire providing a highly flexible and highly skilled workforce, with a focus on high growth sectors"*
- 11.6 Not surprisingly Manchester City Centre is seen as a main focus for growth along with Salford with its Port Salford initiative. Another key location for growth is Manchester Airport where continued investment is planned in line with the aim of doubling passenger numbers.
- 11.7 Links to other cities are also explicitly recognised as important. These links are expressed in terms of economic and transport connections. The cities referred to are Leeds, Liverpool and Sheffield but also mentioned is the *"other important economic centres such as Macclesfield, Preston and Warrington"*. Furthermore the aim is to *"maximise links to [other] activities outside Greater Manchester – such as with the health sciences at Alderley Park (in Cheshire East) and Daresbury (in Warrington)."*
- 11.8 Overall there is a big ambition for Greater Manchester expanding into global significance but in the North of England context the conurbation is seen as leading the Northern Powerhouse initiative. However there is also recognition that to do that a range of nearby places and activities need to be well connected to Greater Manchester to help delivery and achievement of the prosperity benefits growth.

Growth Options

- 11.9 Three growth options are proposed for growth between 2014 and 2035. Each option is based on potential future economic growth scenarios, which include a 'scenario for lower than anticipated growth' (Option 1), 'projected growth' (Option 2) and 'higher than anticipated growth' (Option 3). Central to these three Options is the Objectively Assessed Need (OAN) for both housing and employment space provision; Option 2 is identified as the OAN and is the GMCAs' preferred option for growth.
- 11.10 This option is based on the nationally produced 2012-based household projections however a key assumption is different from the official government data set. Net international in-migration into Greater Manchester has been higher in recent years than that used in the 2012-based projections therefore the future level of such migration in Option 2 assumes the higher rate until 2023 and then predicted levels revert to the official projection from then on.

11.11 Also underpinning the OAN calculation are two key economic objectives taken from the Government's long term economic plan for North West England:

- To increase the long term economic growth rate of the North West to at least the forecast growth of whole of the UK (2.8%)
- To raise the employment rate in the North West to the UK average (meaning 100,000 additional people in work in the North West by 2020)

11.12 The three Strategic Options proposed are set out as follows over the 2014-35 time period:

Option	Housing (dwellings) Total/per annum	Industrial/Warehouse (sqm floor space) Total/per annum	Office (sqm floor space) Total/per annum
1 Compared to OAN	152,800/7,300 -30%	2.526m/120,300 -27%	2.573m/122,500 +7%
2 Compared to OAN	217,350/10,350 =	3.452m/164,400 =	2.399m/114,200 =
3 Compared to OAN	336,00/16,000 +55%	4.050m/192,900 +17%	2.725m/129,800 +14%

Approach to Green Belt

11.13 The options document considers constraints and opportunities to delivery including a limited commentary on the Green Belt. The Government's stated importance of the Green Belt is reiterated and it is acknowledged that it would only be appropriate to release sites in exceptional circumstances. It goes on to say that:

"However, if there is no alternative, then the development of parts of the Green Belt may be preferable to losing other areas of open land that make a much more positive contribution to the identity, character and quality of place of Greater Manchester."

11.14 Option 3 is identified as leading to the need for the release of a considerable amount of Green Belt land and which could require loss of 'significant areas of agricultural land'. The paper emphasises the use of poorer quality agricultural land to meet demand where possible. This might suggest that development be steered towards the north and the east of the conurbation.

Analysis.

11.15 Option 1 equates to an economic growth rate of 2.5% (achievable *if "existing floor space is much better used"*). Option 2 (the OAN) is equivalent to a growth rate of 2.8% whereas Option 3 would mean a rate of 3.3% being achieved. The latter is higher than that forecasted for London (3.0%). The scale of housing envisaged under Option 3 aligns with the 'Housing the Powerhouse' document. This has been produced by a private sector consortium of developers and house builders intended to help deliver the overall Northern Powerhouse initiative.

11.16 The jobs growth rate of Option 2 is 0.71% and thus almost identical to that assumed for the suggested revisions to the Cheshire East Local Plan Strategy.

In comparison with recent (2004 -14) development delivery rates for housing Option 1 is just below what was achieved in that decade; Option 2 is about half as much again (40% more); whilst Option 3 would be more than doubling recent residential completions.

- 11.17 It is claimed that the GM area has sufficient land to deliver around 153,000 dwellings which would meet the Option 1 requirement. Additional land would be required to meet Options 2 the OAN and for Option 3. Based on GMCA calculations this could call for the need to identify between 1,844 and 5,234 ha of additional land based on a density assumption of 35 dwellings per hectare
- 11.18 In terms of employment floor space provision Options 2 and 3 are similar to past rates, Option 1 is below. Current employment land reserves are just over 3m square metres for each sector.
- 11.19 In respect of the likely impact on the Green Belt, the achievement of Option 1 would not be dependent on the use of Green Belt land; delivery of Option 2 may require some such land; whereas Option 3 would rely on “*considerable*” use of such land.
- 11.20 Overall Option 3 is described in the consultation papers as representing an “*extremely ambitious*” level of growth to achieve. The assumptions behind this level of growth are critiqued in the following ways. This Option:
- ignores likely losses of internal migration *from* Greater Manchester;
 - assumes there will be high net international in-migration for the whole of the plan period;
 - assumes all the un-attributable population change is due to un-recorded international migration;
 - assumes a household representation rate that is closer to the 2008-based household projections rather than using the 2012-based projections; and
 - assumes in terms of employment floor space, that half the increase will be accounted for through new additional floor space and half due to less employment floor space being lost to other uses.
- 11.21 The background papers produced to inform the consultation consider the functional characteristics of the conurbation, provide more details of economic and housing needs, infrastructure and environmental constraints as well as outline the approach to the integrated assessment envisaged. Specific detailed comments are made on these
- 11.22 There is little evidence from market signals that there is a shortage of housing that would justify increased provision above the OAN. House building over the last decade has been at quite a high level equivalent to a 0.7% pa growth over the 2002-12 period compared to the OAN implied annual growth of 0.81% in construction.
- 11.23 The overall growth in employment implied by the OAN is 228,000 additional jobs. The Oxford and Experian models have been used for the economic work and although their projections vary at the sectoral level they are broadly consistent overall.
- 11.24 An analysis of migration, housing market and retail catchment areas as well as commuting patterns shows that Greater Manchester achieves a containment rate of at least 80%. So although there is recognition of the conurbation’s wider influence and commuting flows to and from such places as Cheshire East (the largest volume of flows of any neighbouring authority area) there is no suggestion of direct dependence on neighbouring areas to help deliver GM’s development growth. Commuting ratios (the balance between in and out flows) – are assumed to be unchanged although with an increasing population more people will be travelling to work.

11.25 What the Framework documents currently lack is any indication of future spatial patterns of development. No attempt has so far been made to distribute the envisaged growth within Greater Manchester. The starting points are acknowledged to be the individual district areas but there is an explicit reference that there is “*considerable scope*” for redistribution of the proposed development growth between boroughs.

Call for Sites

11.26 The Consultation includes a call for sites that will help meet the identified growth needs. It is suggested that this Council takes the opportunity to highlight land in our ownership within the Borough of Stockport (One of the ten Councils within GMCA). This could be used for additional infrastructure which could facilitate development on both sides of the border. This is shown on the plan at Appendix 2

12.0 Access to Information

12.0 The background papers relating to this report can be inspected by contacting the report writers:

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Appendix 1 – Responses to GMSF consultation Questions

Appendix 2 – Land off Dairy House Lane Stockport

APPENDIX 1

Greater Manchester Spatial Framework – Strategic Options Consultation 2015 Response of Cheshire East Borough Council

Question 1

Have we identified the scope of the GMSF appropriately?

If we have not, what do you think should be included and / or excluded?

Cheshire East Borough Council welcomes the consultation on options for the Greater Manchester Spatial Framework (GMSF) and supports the development of a strategic plan to guide growth across the Manchester conurbation. We appreciate the liaison with officers from the Combined Authority and efforts to consider cross boundary issues. Thus far Cheshire East considers that the duty to cooperate is fully met and we look forward to continued engagement as the strategy progresses

We consider that the scope of the GMSF has been appropriately defined. However we are concerned that there is not a sufficiently strong linkage with the Transport Strategy 2040. At present the relationship between the documents is described as being 'complementary'; we encourage an integrated approach in which the transport and spatial strategies are developed fully together.

Question 2

What do you think the balance should be between local and strategic issues within the GMSF?

Given the importance of securing an over-arching strategic framework consideration should be given to the extent to which the principal strategy document includes detailed site specific matters. There may well be benefit in dealing with certain site specific matters (for example green belt release) at a Greater Manchester level. However there is the risk that if the GMSF includes detailed site matters its adoption may be delayed, leading to uncertainty over the key principles of growth and development. To avoid this scenario, consideration could be given to including site-specific matters within a companion document to the GMSF.

Question 3

Do you agree with the Greater Manchester Vision and Ambition?

If you do not agree could you tell us why?

Cheshire East Borough Council supports the fundamentals of the vision and ambition set out in the GMSF. As an adjacent area with strong links to the conurbation, Cheshire East can assist in contributing to the goals of the Framework. Detailed comments set out in this response are intended to assist in supporting and refining the form and content of the GMSF, but should not detract from the fundamental support for the approach of the Combined Authority.

Question 4

Have we identified the key economic issues the GMSF should address?

If not could you let us know what needs adding or removing and the reason why

We broadly agree – and Cheshire East Borough Council particularly welcomes the link to Alderley Park in terms of life sciences. However a wider connection could also be made to the broader scientific corridor across the north of Cheshire – which includes important institutions such as Jodrell Bank.

Question 5

Have we identified the key place based issues the GMSF should address?

If not could you let us know what needs adding or removing and the reason why.

Cheshire East Borough Council welcomes the approach of setting environmental quality within a sub regional context. We believe that a high quality environment is essential to the success of the wider city region. The attractive rural landscape, the historic, cultural and natural heritage of Cheshire East are all important to the setting of the south of the conurbation. This Borough helps meet the recreation and leisure needs for many Greater Manchester residents. These linkages and benefits should be recognised and strengthened.

Question 6

Have we identified the key issues for residents that the GMSF should address?

If not could you let us know what needs changing and the reason why.

The approach is broadly supported. As Cheshire East is meeting its own housing needs, so the approach of meeting needs within the conurbation is also welcomed.

Question 7

Do you agree with our overall Strategic Approach and Objectives?

If not, could you let us know what you think we have missed, or what should not be included?

The Overall Strategic Approach and Objectives are supported

Question 8

Are there any other key strategic issues we should consider?

If yes what issues should we consider?

In terms of Transport Cheshire East urges closer integration of the spatial and transport strategies. The latter also needs to consider cross–boundary movement. Cheshire East is working with Stockport MBC to devise an update and refresh the South East Manchester Multi Modal Strategy (SEMMMS) This is intended to look comprehensively at transport issues and solutions on the southern boundary of the conurbation. The GMSF should recognise and support initiatives of this nature to address the impact of new development in the sub region.

Question 9

Which option would you prefer and why?

Of the Options presented, Option 2 is to be preferred as this meets OAN and appears also to meet the Household Projections which are ‘the starting point’ for establishing housing need. However there are reservations regarding the assumptions inherent in this Option which is outlined below. Option 1 is not considered to sufficiently meet the needs of the conurbation and so is not to be favoured. Conversely Option 3 appears to be overly ambitious and stretches the boundaries of credibility to an untenable extent. Specific concerns with Option 3 are set out further below:

Specific comments on Option 2

It is questionable whether Option 2’s relatively high real (inflation-adjusted) GVA growth rate of 2.8% (cited on p97 of Background Paper 2) can be maintained over the 2014-35 period. For example, over the eighteen-and-a-half year period from 1997 Q1 to 2015 Q3, the UK’s real GDP growth averaged 2.1% per annum.¹ Based on seasonally adjusted GDP data.) It is reasonable to assume that Greater Manchester can outperform the UK, given the importance and economic strengths of Manchester, the concentration and potential of key sectors in the Greater Manchester area and the skill levels of the local labour supply. Even so, it would be rather challenging to ensure GVA growth averages 2.8% per annum for 21 years.

Option 2 is predicted to result in an employment growth rate that averages 0.73% per annum over the 2014-35 period (Background Paper 2, p97). This is also challenging, bearing in mind Greater Manchester’s past long-term employment growth rates. For example, ABI and BRES data suggest that the number of employees working in Greater Manchester increased by an average of 0.8% per annum during 1998-2008, declined by 1.5% between 2008 and 2009 and then grew by an average of 0.5% during the 2009-14 period. Cheshire East estimates that, for the whole 1998-2014 period, this equates to an average of 0.58% per annum, i.e. significantly below the 0.73% rate associated with Option 2.²

Specific comments on Option 3

As the consultation documents make clear, this option is based on the development industry proposal, under the banner of ‘Housing the Powerhouse’, for Greater Manchester to accommodate an average of 16,000 net additional dwellings per annum in the future (paragraph 4.21 of the main consultation document.) However, as 7.29 of Background Paper 3 acknowledges, the 16,000 dwellings figure originates from a Barton Willmore report (‘Greater Manchester Spatial Framework: Economic and Social Consequences of Under Providing for Future Housing Growth, Barton Willmore, June 2015: http://www.housingthepowerhouse.com/the_evidence.html) which fails to explain how the 16,000 figure was derived. The Barton Willmore report simply states, in paragraph 1.3 (p1), that “...organisations across the development industry consider [Greater Manchester’s housing] need to be...potentially around 16,000 homes per annum”. Therefore it seems that the figure is not an objective, evidence-based assessment and that it does not represent a credible option for housing provision. As such, it is not appropriate to present it as one of the three main options: not because it involves a much larger quantity of development than the other two main options, but because of absence of any supporting evidence for this specific figure.

7.24-7.29 (pp102-104) of Background Paper 3 present some analysis of the Home Builders Federation (HBF) 2015 report “Regional Report: North West – Economic Footprint of House Building”, which is the other report cited by the Housing the Powerhouse website. As noted in 7.24 of Background Paper 3, this HBF report identifies a projected annual need of 18,465, but does not explain the provenance of this 18,465 figure. In the table below 7.25 of Background Paper 3, Greater Manchester shows what the HBF considers to be the gap between dwelling starts and “what is actually required” (the Background Paper’s words) for the ten districts, Greater

¹ Source: Second Estimate of GDP, Quarter 3 2015, ONS Statistical Release, 27/11/15: <http://www.ons.gov.uk/ons/rel/naa2/second-estimate-of-gdp/q3-2015/index.html>

² Sources: Annual Business Inquiry (ABI) 1998-2008 data series, Business Register and Employment Survey (BRES) 2008-10 data series and BRES 2009-14 data series, ONS, NOMIS. ONS Crown Copyright. The 0.58% rate is weighted, i.e. it takes account of the different lengths of time these data series cover.

Manchester as a whole and the North West, but again there is no indication in the HBF report of how “what is actually required” was estimated. As 7.26 of Background Paper 3 states, the HBF requirement figures are “over an unspecified period”, whilst 7.29 notes that the HBF’s implicit requirement for Greater Manchester (8,905) is at odds with the 16,000 figure proposed by Housing the Powerhouse, with the latter figure equating to 87% of the HBF’s estimated total housing need for the whole North West.

Cheshire East feels that little weight should be attached to the HBF estimates, given the apparent lack of supporting evidence and its inconsistency with the Housing the Powerhouse 16,000 figure.

Cheshire East also feels that the GVA growth forecast for Option 3 - 3.3% per annum over the 2014-35 period – is unrealistic, bearing in mind the comments we make above about past UK economic output growth rates and the implications for Greater Manchester’s future potential growth. In particular, it seems highly improbable that Greater Manchester could significantly outperform the 3.0% economic output growth that Oxford Economics forecasts for London (and the consultation papers rightly acknowledge the difficulty of outperforming London, for example in 4.24 of the main consultation paper).

Question 10

Are there any other growth options that you think we should consider?

Please specify the total amount of each type of development that you think should be provided in Greater Manchester over the period 2014-2035.

Bearing in mind our response to Question 9 above, it would be helpful to consider an option that lies between Option 1 and Option 2;

Question 11

Are there any other advantages or disadvantages of each option that should be highlighted?

The NPPF requires development plans to be “aspirational but realistic”. Even meeting the ‘middle ground’ of option 2, which matches OAN nevertheless, requires a step change in the delivery of housing. This may lead for calls for the distribution of housing to be geared towards either ‘honeypot’ locations or those where there is the perception of “quick wins”. Such a distribution of housing appears unlikely to address the wider needs and issues within the conurbation. The GMCA therefore needs to factor in realistic delivery AND the implications of that for spatial distribution and wider implications into its final choice of growth option.

Question 12

Are there any other important constraints and opportunities that we should take into account when identifying and assessing new sites for housing and employment floorspace?

If yes, what are they?

Whilst the availability of suitable sites will inform the strategy for the distribution of development, Cheshire East Borough Council advocates that strategic priorities and objectives should primarily dictate the distribution of development.

See also comment on cross boundary development under question 14

Question 13

Do you think that any of the identified constraints and opportunities are more important than others?

If yes, which are more important and why?

We consider the GMSF adequately addresses the range of issues.

Question 14

Having regard to the identified or new constraints and opportunities, are there any particular sites or locations that you think would be suitable for providing new housing or employment floorspace?

If yes where are they?

Land owned by Cheshire East Borough Council within the boundary of Greater Manchester has the potential to provide additional infrastructure that will increase the capacity for development on both sides of the border. This land is shown in the attached plan. However, the Council does NOT advocate the use of this land directly for Employment or Housing development nor support its removal from the green belt at this stage.

That aside, Cheshire East Borough Council has no comment on site specific matters, other than to request that development within Greater Manchester allows for gaps to be preserved between adjoining settlements over the GM border. This is a principle which Cheshire East Borough Council has endeavoured to maintain within the Cheshire East Local Plan Strategy and we encourage a complementary approach to be adopted with the GMSF.

Question 15

If new housing needs to be provided outside the existing urban area, do you have a preference for new settlements, a small number of major urban extensions, or a larger number of smaller urban extensions?

All of these development solutions should be considered rather than any single option. In the right circumstances all are likely to represent the most sustainable approach. New Settlements / communities should be considered particular where this can lead to greater modal shift or make best use of disturbed or brownfield land.

Question 16

Do you have any comments about the background papers supporting the growth options?

If yes could you provide us with your comments on each paper below.

Cheshire East Borough Council welcomes the detailed evidence that underpins the GMSF. There are some specific technical issues with certain aspects of the supporting documentation which we intend to raise as part of our ongoing duty to cooperate discussions.